



MEMORANDUM

PENNSBURY SCHOOL DISTRICT
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TO: All Employees
FROM: Diane Eissler, Payroll Supervisor
SUBJECT: Payroll and Tax Information for Calendar Year 2024
DATE: January 18, 2024

Effective with the pay of January 5, 2024, the following is reflected for the new calendar year:

FEDERAL WITHHOLDING - Updated federal withholding tax tables were issued for Calendar Year 2024. You will notice a change to the FEDERAL line on your paystub. Since you will be filing federal tax returns shortly, that is a good time to review that line to make sure that enough money is being withheld from your pay on a biweekly basis.

The 2024 Form W-4 still uses a five-step process to determine withholding. Only step 1 (personal information and anticipated filing status) and step 5 (signature and date) must be completed for the W-4 form to be valid. Step 2 (households with multiple jobs), step 3 (claim tax credits for dependents), and step 4 (other adjustments) are optional, but completing them should help to ensure that your tax withholding will more accurately match your tax liability. A flat number of exemptions, or allowances, are no longer a part of the W-4 form.

At this time, employees hired prior to 2020 will keep the status and allowances from their preexisting Form W-4. If you are one of these employees, and wish to adjust federal withholding (and have not done so during calendar years 2020 through 2023), you must complete the new form. Since the new Form W-4 has its own tax tables associated with it, just adding dollars to the "Extra Withholding" section because you owe money on your tax return will probably not give you the result that you are looking for. Typically, because number of allowances are no longer being used, changing to the new form will reduce your tax liability computed by the tables. After a change is put into effect, reviewing your pay stub is highly suggested to make sure that you have achieved the withholding amount that you are looking for. You may complete a new W-4 form as many times as you would like throughout the year.

If you need help in determining your correct withholding, or how to complete the W-4 form, the IRS is encouraging taxpayers to use the "IRS Tax Withholding Estimator" on its website (www.irs.gov/W4App).

It is suggested that your tax situation be reviewed, and a new W-4 form be completed if necessary. The 2024 Form W-4 can be obtained from the Payroll Office, from the IRS website, from the District website under the Payroll tab, or from the Employee Access Center in the Tax Information tab.

Any employee claiming "Exempt" status must complete a new W-4 form each year, and no later than February 15. Exempt employees should refer to the IRS website for further information.

Earnings from multiple jobs are combined to determine federal tax withholding. Supplemental payments will continue to be taxed at a flat rate of 22%.

SOCIAL SECURITY AND MEDICARE - The 2024 Social Security taxable wage base limit was increased to \$168,600. The employee rate remains at 6.2%. There continues to be no wage base limit for Medicare tax. Medicare tax must be taken on all covered wages, and the rate remains at 1.45%.

UNEMPLOYMENT COMPENSATION – This tax rate has remained at .07% of employee wages.

STATE OF PENNSYLVANIA - The Pennsylvania income tax remains at a flat rate of 3.07%.

STATE OF NEW JERSEY – New Jersey tax tables have not changed. Prior to Calendar Year 2020, New Jersey State withholding always mirrored federal withholding, using the status and number of allowances from the federal W-4 form. Since allowances are no longer a part of the federal form, any New Jersey resident who completes a new federal Form W-4 should also complete a new state W-4 form (Form NJ-W4 - Employee's Withholding Certificate). Unlike the federal withholding, New Jersey State withholding still gets calculated using status and number of exemptions/allowances.

CITY OF PHILADELPHIA - The current earned income tax rate for Philadelphia residents is 3.75%. This tax rate has been in effect since July 1, 2023.

LOCAL EARNED INCOME TAX – Typically, this percentage-based tax was determined by your place of residence only, because for years none of the localities within the Pennsbury School District (Falls Township, Lower Makefield Township, and Tullytown Borough) had an earned income tax associated with them. In Calendar Year 2023, Falls Township instituted a 1% earned income tax. A 1% earned income tax was imposed by Tullytown Borough beginning in Calendar Year 2024. This means that if you live in either of these localities, 1% will be deducted from your pay for earned income tax. If you have an earned income tax where you live of between 0% and .50%, but you work in a Falls Township building or at Walt Disney Elementary School, you will also have 1% deducted from your pay for earned income tax.

For local earned income tax you pay the higher percentage of where you live or where you work. If the township that you live in also charges a 1% tax (or higher), you continue to pay the tax to your township.

LOCAL SERVICES TAX - This tax is based on the building in which you work, and is prorated over the course of your pays. The local services tax for Falls Township, Lower Makefield Township and Tullytown Borough remains at \$52 per year. This tax is deducted from your pay as follows: \$2 per pay from employees paid over 26 pay periods or \$2.48 per pay from employees paid over 21 pay periods.

TAX SHELTERED ANNUITIES 403(b) - The limit for elective deferrals into a 403(b) has increased by \$500 to \$23,000 for tax year 2024. Employees who are age 50 or older are entitled to an increased additional contribution limit of \$7,500. (Participants will be deemed to be age 50 as of January 1 of the year of their 50th birthday.) The employee is responsible for determining that the salary reduction amount does not exceed the limits as set forth in applicable law. Any employee may contribute to a 403(b) account. A 403(b) Online Enrollment & Web Access Guide, provided by our Third Party Administrator, PenServ Plan Services, is available on our website under the Payroll tab. A 457(b) plan is also available with the same contribution limits. Employees also have the option of enrolling in a Roth 403(b). Contributions are withheld from **twenty-four (24)** pays in a calendar year.

For further information, or if you have any questions, please contact the Payroll Office through email, or at extensions 10041 (Diane Eissler), 10042 (Debbie Lomas), or 10043 (Kim Riley).

Thank you.